GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3796
ANSWERED ON:27.04.2012
HOME LOAN SCAMS QUESTION
Choudhary Shri Nikhil Kumar

Will the Minister of FINANCE be pleased to state:

(a) whether any home loan scam was exposed in any PSU banks including State Bank of Hyderabad;

(b) if so, the details thereof for the last three years and the current year, year-wise and bank-wise; and

(c) the steps taken/proposed to be taken by the Government to check such scams alongwith the action taken against the officials found to be involved therein?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): No, Sir. Reserve Bank of India (RBI) has reported that they have no specific information about home loan scam at any of the Public Sector Banks, including State Bank of Hyderabad. However, the details of the incidents of frauds reported by banks relating to housing loans along with amount involved therein for the last three years is annexed.

(c): (i) In the past, considering various concerns arising out of banks` operations, including incidents of frauds, RBI had advised the banks to:

a) Introduce a system of concurrent audit,

b) Review working of internal inspection and audit machinery in banks by the Audit Committee of the Board of Directors.

c) Constitute a Special Committee of the Board exclusively for monitoring frauds of Rs, 1 crore and above.

(ii) DBS, RBI vide circular dated January 2, 2007 has issued guidelines to the banks to prevent the frauds in the area of housing loans by carrying out due diligence on the builders before releasing loans. Banks have been advised to strictly adhere to KYC norms as non-observance of KYC guidelines may lead to perpetration of frauds.

(iii) DBS, RBI vide circular dated May 03, 2006 has issued guidelines to the banks on prevention of frauds in the area of Housing loans by defining the role of Direct Selling Agents (DSA) in soliciting the customers, ensuring authenticity of salary certificates and income tax returns by the borrowers, multilayered sanction procedures, due diligence of builders , ensuring legal and technical clearance etc.